

STATE OF SOUTH CAROLINA

(Caption of Case)
In Re:

Application of Duke Energy Carolinas, LLC For
Approval of Proposed Pension Costs Rider

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2010 - 387 - E

(Please type or print)

Submitted by: Charles A. Castle

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☒ Other: Amended Application

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	



DUKE ENERGY CAROLINAS, LLC
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CHARLES A. CASTLE
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February 24, 2011

Ms. Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Application of Duke Energy Carolinas for Approval of Proposed Pension Cost Rider
Docket No. 2010-387-E

Dear Ms. Boyd:

Duke Energy Carolinas, LLC ("Duke Energy Carolinas") respectfully requests that it be allowed to amend its Application for Approval of Proposed Pension Costs Rider filed electronically with the Commission on November 30, 2010, in Docket No. 2010-387-E. Subsequent to filing the application and after consultation with the Office of Regulatory Staff, Duke Energy Carolinas determined that the application should be revised. Enclosed for filing please find the Amended Application for Approval of the Proposed Pension Costs Rider.

Thank you for your consideration and please do not hesitate to contact me should you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles A. Castle', written over a horizontal line.

Charles A. Castle

Enclosures

Copy: Parties of Record

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2010 -387- E

In re:)	
)	
Application of)	DUKE ENERGY CAROLINAS, LLC'S
Duke Energy Carolinas, LLC)	AMENDED APPLICATION
For Approval of Proposed Pension)	FOR APPROVAL OF
Costs Rider)	PROPOSED PENSION COSTS RIDER
)	

In accordance with the Public Service Commission of South Carolina's (the "Commission") Order No. 2010-79 in Docket No. 2009-226-E (the "Order") and the settlement agreement ("Settlement Agreement") by and among Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company"), the South Carolina Office of Regulatory Staff ("ORS"), Southern Alliance for Clean Energy, Southern Environmental Law Center, the Natural Resources Defense Council, Environmental Defense Fund, the South Carolina Coastal Conservation League, and the South Carolina Energy Users Committee, Duke Energy Carolinas hereby requests that the Commission approve its proposed, updated Pension Costs Rider. This proposed Pension Costs Rider is based on the estimated annual pension expenses for the upcoming year, along with a true-up to reflect annual pension expenses in the prior year.

In support of its application, the Company states as follows:

1. In its most recent general rate case, Docket No. 2009-226-E, Duke Energy Carolinas included a projected increase in operating expenses of \$3,574,000 to reflect increased pension expense.

2. The Settlement Agreement provided for both the removal of the projected increase from operating expenses and the establishment of a rider to collect the difference between the pension expense amount collected in base rates and the actual pension expense amount. The parties agreed that the Pension Costs Rider would be adjusted annually and be subject to a true-up. Duke Energy Carolinas also agreed to provide a quarterly tracking report to ORS regarding the Pension Fund obligation and the market value of the assets available to meet the obligation for the Duke Energy Pension Fund. The Order approved the terms and conditions of the Settlement Agreement with respect to the Pension Costs Rider.

3. The amount collected through this proposed Pension Costs Rider will be based on estimated annual pension expenses for the period October 2010 through December 31, 2011, along with a true-up to reflect the actual pension expenses year to date as of September 30, 2010.

4. The amount to be recovered from South Carolina's jurisdictional electric customers under the Pension Costs Rider from April 2011 through December 2011 is \$1,397,995. The various components comprising this amount are located in Exhibits 1-3 of this application. This amount includes the estimated annual pension expense of \$2,736,329 for the upcoming year, net of the forecasted over collected amount of \$1,338,334 through March 2011.

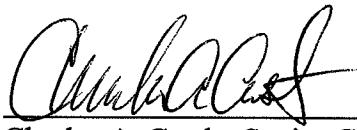
5. Based on the total amount to be recovered from April 2011 through December 2011, the Company proposes a Pension Costs Rider rate of \$0.0089¢ per kilowatt hour, both including and excluding gross receipts tax ("GRT") and regulatory fee.¹ The Company proposes use of the tariff sheet in Revised Exhibit 4.

Based on the foregoing, the Company respectfully requests that the Commission grant its application seeking approval of its proposed Pension Costs Rider as described herein and in the

¹ The amount is the same when both including and excluding the GRT and regulatory fee due to rounding.

attached exhibits. Additionally, in accordance with S.C. Code Ann. § 58-27-870(F), the Company requests that the Commission allow the proposed Rider to be put into effect April 1, 2011, without notice and hearing. The proposed rate does not require a determination of the entire rate structure and overall rate of return, and will facilitate an orderly rate administration.

Dated this 24th day of February, 2011.

A handwritten signature in black ink, appearing to read "Charles A. Castle", is written over a horizontal line.

Charles A. Castle, Senior Counsel
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Duke Energy Carolinas, LLC
PSCSC Docket No. 2010-387-E
Update for increased pension costs

Revised Exhibit 1
Filed February 2011

	Source	2011 April - December
Pension Expense		
1 Total DE Carolinas pension expense	DEC Pension Allocations	\$ 19,557,000
2 SC Allocation Factor - SC Retail excluding Greenwood	Exhibit 3	23.6978%
3 SC % of pension expense	Line 1 * Line 2	\$ 4,634,579
4 Pension costs in base rates [2,531,000 per year]	Exhibit 3	1,898,250
5 SC Portion of Pension Expense to collect	Line 3 - Line 4	\$ 2,736,329
6 Overcollected through March 2011 (Forecasted)	Exhibit 2 Line 13	(1,338,334)
7 Total to be recovered April - December 2011	Line 5 + Line 6	\$ 1,397,995
8 Projected MWh sales - SC Retail excluding Greenwood	2010 Fall Forecast	15,785,080
9 Cents per KWh sales excluding Gross Receipts Tax and Regulatory Fee	Line 7 / (Line 8 * 1000) *100	0.0089
10 Gross Receipts Tax and Regulatory Fee Factor	1/(1-.00456)	1.004581
11 Cents per KWh sales including Gross Receipts Tax and Regulatory Fee	Line 9 * Line 10	0.0089

Duke Energy Carolinas, LLC

PSCSC Docket No. 2010-387-E
Update for increased pension costs
(\$'s in 000's)

Revised Exhibit 2
Filed February 2011

	Source	Actual 2010 YTD September	Forecasted 2010 October	Forecasted 2010 November	Forecasted 2010 December	Forecasted 2011 January	Forecasted 2011 February	Forecasted 2011 March
Pension Expense								
1 Total DE Carolinas pension expense	DEC Pension Allocations	\$ 13,051,249	\$ 1,523,000	\$ 1,523,000	\$ 1,523,000	\$ 2,173,000	\$ 2,173,000	\$ 2,173,000
2 SC Allocation Factor - SC Retail excluding Greenwood	Exhibit 3	23.6978%	23.6978%	23.6978%	23.6978%	23.6978%	23.6978%	23.6978%
3 SC % of pension expense	Line 1 * Line 2	\$ 3,092,858.89	\$ 360,917	\$ 360,917	\$ 360,917	\$ 514,953	\$ 514,953	\$ 514,953
4 Pension costs in base rates [2,531,000 per year]	Exhibit 3	1,898,250	210,917	210,917	210,917	210,917	210,917	210,917
5 SC Portion of Pension Expense to collect	Line 3 - Line 4	\$ 1,194,608.89	\$ 150,001	\$ 150,001	\$ 150,001	\$ 304,037	\$ 304,037	\$ 304,037
6 Projected MWh sales - SC Retail excluding Greenwood	2010 Fall Forecast			1,545,431	1,661,911	1,822,825	1,795,578	1,590,103
7 Pension Rider cents per KWh	Pension Cost Rider (SC)			0.0166	0.0166	0.0166	0.0166	0.0166
8 SC Pension Rider Collected	Line 6 * 1000 * Line 7 / 100	2,250,780	265,087	256,542	275,877	302,589	298,066	263,957
9 Gross Receipts Tax and Regulatory Fee Rate		0.004560	0.004560	0.004560	0.004560	0.004560	0.004560	0.004560
10 Remove Gross Receipts Tax and Regulatory Fee	Line 8 * Line 9	10,263	1,209	1,170	1,258	1,380	1,359	1,204
11 Total Rider Revenue excluding Gross Receipts Tax and Regulatory Fee	Line 8 - Line 10	2,240,516.91	263,878	255,372	274,619	301,209	296,707	262,754
12 Difference to be Deferred--undercollected/(overcollected)	Line 5 - Line 11	\$ (1,045,908)	\$ (113,877)	\$ (105,371)	\$ (124,618)	\$ 2,827	\$ 7,330	\$ 41,283
13 Cumulative Difference to be Deferred--undercollected/(overcollected)	Current period + Cumulative prior period	\$ (1,045,908)	\$ (1,159,785)	\$ (1,265,156)	\$ (1,389,774)	\$ (1,386,947)	\$ (1,379,617)	\$ (1,338,334)

Duke Energy Carolinas, LLC

PSCSC Docket No. 2010-387-E

Update for increased pension costs

Exhibit 3**Pension Costs Calculation****Source: 2009 Rate Case Filing
Docket No. 2009-226-E****(\$'s in 000's)
2008****Duke Energy Carolinas (DEC):**

- 1 Pension costs charged to DEC
- 2 Percent of DEC labor charged to electric O&M
- 3 Pension costs to DEC charged to electric O&M

2008 Page 12.1 SD-2001(A)
2008 Page 12.1 SD-2001(A)
Line 1 * Line 2

\$ 6,755
67.87%

4,585

Service Company (Svc Co):

- 4 Pension costs charged to Svc Co
- 5 Svc Co allocation percentage to DEC
- 6 Pension costs to Svc Co charged to electric O&M
- 7 Percent of DEC labor charged to electric O&M
- 8 Pension costs to DEC charged to electric O&M

2008 Page 12.1 SD-2001(A)
2008 Page 12.1 SD-2001(A)
Line 4 * Line 5
2008 Page 12.1 SD-2001(A)
Line 6 * Line 7

21,695
41.40%

8,982
67.87%

6,096

- 9 Pension costs charged to electric O&M

Line 3 + Line 8

10,681

- 10 SC Allocation Factor - SC Retail excluding Greenwood
- 11 SC pension cost charged to electric O&M in 2008

2008 Page 12.1 SD-2001(A)
Line 9 * Line 10

23.6978%

\$ 2,531

Duke Energy Carolinas, LLC

Revised Exhibit 4
Electricity No. 4
South Carolina First (Proposed) Revised Leaf No. 69
Superseding South Carolina Original Leaf No. 69

PENSIONS COSTS RIDER (SC)

APPLICABILITY (South Carolina Only)

All service supplied under the Company's rate schedules is subject to an increment per kilowatt hour as set forth below. This increment is not included in the Rate Schedules of the Company and therefore, must be applied to the bill as calculated under the applicable rate.

Effective for service rendered on and after April 1, 2011, the applicable kilowatt hour rider increment including revenue-related taxes and regulatory fees is 0.0089¢ per kilowatt hour.